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**DIRECT TESTIMONY**

**OF**

**JEFFREY L. LAWRIMORE**

**ON BEHALF OF**

**FTC COMMUNICATIONS, INC.**

**DOCKET NO. 2002-333-C**

**Q. HAVE YOU EVER GIVEN TESTIMONY IN THESE PROCEEDINGS ON  
BEHALF OF FARMERS TELEPHONE COOPERATIVE, INC.?**

A. Yes, and I would like to supplement the record with additional testimony offered on  
behalf of FTC Communications, Inc. which was joined as a party in these proceedings.

**Q. WHAT IS YOUR POSITION AT FTC COMMUNICATIONS, INC.?**

A. I serve as its Treasurer.

**Q. WHAT DUTIES DO YOU PERFORM AT FTC COMMUNICATIONS, INC.?**

A. I provide accounting services and undertake to review and evaluate financial issues for  
FTC Communications, Inc., including identifying costs of service related to directory  
assistance on a wholesale basis.

**Q. HAS FTC COMMUNICATIONS, INC. PROVIDED INFORMATION TO THE  
CONSUMER ADVOCATE IN RESPONSE TO INTERROGATORIES  
PROPOUNDED BY THE CONSUMER ADVOCATE?**

A. Yes.

**Q. WAS THE INFORMATION SUBJECT TO A CONFIDENTIAL AGREEMENT  
WITH THE CONSUMER ADVOCATE?**

RETURN DATE: OK on  
SERVICE: OK on

1 A. Yes.

2 Q. WHAT WAS THE NATURE OF THE INFORMATION?

3 A. Cost studies and information relating to the basis for the new wholesale rate charged to  
4 FTC Communications, Inc. of \$0.50 per request; a report of the number of customers  
5 which use FTC Communications, Inc. as a provider; and information on the only outside  
6 supplier of service to FTC Communications, Inc.

7 Q. DO YOU CONSIDER THIS INFORMATION PROPRIETARY AND  
8 CONFIDENTIAL?

9 A. Yes.

10 Q. WOULD FTC COMMUNICATIONS, INC. MAKE IT AVAILABLE TO THE  
11 COMMISSION?

12 A. Yes.

13 Q. DO YOU REQUEST SUCH INFORMATION BE PROTECTED FROM PUBLIC  
14 DISCLOSURE?

15 A. Yes, and the Company has submitted it to the Commission in a sealed envelope  
16 requesting it be reviewed by the Commission and its staff only.

17 Q. WHAT WAS THE RESULT OF YOUR STUDY ON COST OF DIRECTORY  
18 ASSISTANCE SERVICE TO FTC COMMUNICATIONS, INC.?

19 A. FTC Communications, Inc. will essentially break even assuming current conditions  
20 remain constant.

21 Q. HAVE YOU PREPARED AN EXHIBIT WHICH DEPICTS THE RESULT OF  
22 YOUR STUDY?

1 A. Yes, and I have submitted it to the Commission requesting its use be limited to the  
2 Commission's use in reviewing FTC's request for an increase in its retail rate and not  
3 disclosed publicly.

4 **Q. IS THE WHOLESALE RATE OF \$0.50 PER REQUEST UNIFORMLY**  
5 **CHARGED TO ALL FTC COMMUNICATIONS, INC. RETAIL CONSUMERS,**  
6 **INCLUDING FTC?**

7 A. Yes.

8 **Q. DO YOU KNOW IF THE WHOLESALE RATE REPRESENTS THE ONLY**  
9 **COST OF SERVICE AT THE RETAIL LEVEL?**

10 A. As CFO of FTC, the wholesale rate charged by FTC Communications, Inc. is the  
11 fundamental consideration in setting its retail rate. The retail rate must cover this cost,  
12 but FTC has to also consider costs of billing and collecting, routine settlement with FTC  
13 Communications, Inc., customer service inquiries and the requests that are not charged to  
14 customers. I believe the retail rate requested of \$0.85 per request is justified under these  
15 circumstances and represents a fair rate to the consumer given the wholesale rate and  
16 imbedded cost of providing retail service. FTC does not charge for two requests per  
17 consumer per month and does not charge disabled consumers but incurs a wholesale  
18 charge which results in no offsetting revenue and when you consider this, along with  
19 overall cost, FTC's requested rate is fair and justified in my opinion. Furthermore the  
20 proposed increase does not increase FTC's rate of return above that approved by the  
21 Commission.

22 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

23 A. Yes.